

**MINUTES OF THE
ECONOMIC DEVELOPMENT AND REVENUE
APPROPRIATIONS SUBCOMMITTEE**

Room W140 West Office Building, State Capitol Complex

January 29, 2007

Members Present: Sen. Bill Hickman, Co-Chairman
Rep. Sheryl Allen, Co-Chairman
Rep. Jim Bird
Rep. Jackie Biskupski
Rep. Julie Fisher

Members Excused: Sen. Gene Davis
Sen. Dan Eastman
Rep. Steven R. Mascaro

Staff Present: Dr. Andrea Wilko, Fiscal Analyst
Juliette M. Tennert, Fiscal Analyst
Jennifer Eyring, Committee Secretary

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

Sen. Hickman called the meeting to order at 2:16 pm.

Juliette Tennert, Fiscal Analyst, gave an overview of the Tax Commission. The Commission has three line items in the base budget: Administration, License Plates Production and Liquor Profit Distribution. The Analyst recommended that the base budgets be adopted as outlined in the Tax Commission Budget Requests Issue Brief: \$68,893,800 for Administration, \$4,350,000 for Liquor Profit Distribution, and \$2,432,100 for License Plates Production. An increase of \$634,800 from the Alcoholic Beverage Enforcement and Treatment Account to the Liquor Profit Distribution base budget was also recommended as required by statute. It was recommended that the Commission develop outcome based performance measures. The Analyst recommended the Tax Commission reduce the amount of nonlapsing account balances in the License Plates Production line item.

Rod Marrelli, Executive Director, Tax Commission, explained the how the nonlapsing balances in the License Plates Production line item are used.

Juliette Tennert discussed Electronic Payment Fees collection by the Tax Commission and the legislation sponsored by Sen. Niederhauser (Senate Bill 181) to address the issue. The Commission has requested \$95,000 one-time supplemental funds and \$237,500 ongoing funds to cover postal rate increases, \$217,000 for rent increases at the South Jordan Motor Vehicle Office, and \$76,600 for rent increases at the Davis County Motor Vehicle Office. The

Commission has requested \$10,000,000 one-time funds for tax system modernization. The Analyst recommended a one-time appropriation of \$5,000,000 from the General Fund. The Commission has requested nonlapsing authority. The Commission also requested intent language that approves the current practice of allowing Motor Vehicle Enforcement Division Officers commute and personal use of vehicles assigned to them for law enforcement duties. The Analyst strongly recommended the committee address the issue without using intent language. Other considerations for the Committee include making the business reimbursement for the change in food sales tax to nonlapsing funds and approving the Tax Commission fee schedule.

Rod Marrelli presented an overview of the Tax Commission. Included in the presentation were the mission, responsibilities, organization, and goals of the Commission. Charts were included to show that a larger amount of transactions have been handled with fewer full time employees because of electronic transactions instead of paper transactions. Improvement in Income Tax filing options and additional online access for information, forms, payments and registrations were noted.

The Arches Project was explained to the committee. It is a four phase program that includes income tax, sales tax, withholding and corporate tax, and fuels tax. The income tax program is in use now. Mr. Marrelli reiterated the Commissions requests for \$10,000,000 one-time funds for the Arches Project, \$296,900 for increased rents of Motor Vehicle Offices, \$95,000 supplemental funds for increased postal costs and \$237,000 for the postal cost increase expected in May 2007. The need for nonlapsing authority was explained. The Commission's request for intent language concerning the Motor Vehicle Enforcement Division was discussed.

Dr. Andrea Wilko provided a handout of all requests for funding requests that have been received. Additional requests are known to be coming before the next meeting. Those known are the USU Botanical Gardens, Individual Development Accounts, and Hill Air Force Base/UBIDS.

MOTION: Rep. Bird moved that the meeting adjourn. The motion was unanimously approved with Sen. Davis, Sen. Eastman, and Rep. Mascaro absent for the vote.

Sen. Bill Hickman, Co-Chair

Rep. Sheryl L. Allen, Co-Chair